

207B . NM3593629 0001  
MOLYCORP, INC.



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Rec#384515 /WA/DW/PWS/

207B . NM3593629 0001  
MOLYCORP, INC.

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# WATER FILING FORM

CIRCLE ONE:

NEW FILE

OR

INFILING

WATER OTHER

CHECK FILE TYPE

UNDERGROUND INJECTION CONTROL

PUBLIC WATER SUPPLY

☐

UIC LAN BAN

☐

New Mexico Indian Lands

☐

Oklahoma Indian Lands

☐

Osage Indian Lands

☒

Public Water Supply

NUMBER OF FILE

NAME OF FILE

RESPONSIBLE PARTY

TELEPHONE NUMBER

Moly corp

Nm 3593629

Chelo Hall

(Person bringing this material to the Records Center.)

X 2716



D2

State of New Mexico  
ENVIRONMENT DEPARTMENT  
Field Operations Division  
Administrative Office  
525 Camino de Los Marquez, Suite 1  
Santa Fe, New Mexico 87505  
Telephone (505) 827-1400  
Fax (505) 476-8541



BILL RICHARDSON  
Governor

RON CURRY  
Secretary

DERRITH WATCHMAN-MOORE  
Deputy Secretary

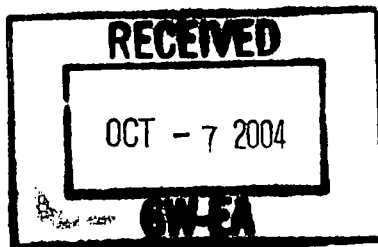
ANA MARIE ORTIZ  
Director

CERTIFIED RETURN RECEIPT REQUESTED  
#7001 2510 0003 4561 7981

October 1, 2004

Molycorp, Inc.  
Post Office Box 469  
Questa, New Mexico 87556

Attention: Mr. Harvey Seto



Dear Mr. Seto:

The New Mexico Environment Department (NMED) Drinking Water Bureau (DWB) is sending this letter to Molycorp, Inc.'s public water system to address violations of the federal Safe Drinking Water Act (SDWA), U.S.C. Section 300f and NMED Drinking Water Regulations 20.7.10.100 NMAC, CFR 141.51, for maximum contaminant level exceedances for inorganic contaminants beryllium (0.004 mg/L), nickel (0.01 mg/L), cadmium (0.005 mg/L), and fluoride (4.0) mg/L) 20.7.10.100 NMAC, CFR 141.51.

During the 1990's, Molycorp, Inc.'s water system was on inactive status because of a depressed market for molybdenum. At that time, the water system did not meet the definition of a public water supply. In August of 1996, the system was re-activated when the population served increased. Molycorp, Inc. was allowed to utilize bottled water as an alternative supply for drinking water. The public water system was again placed on an inactive status in May 1998 with the incorrect determination that the bottled water was sufficient for domestic sanitary supply. The public water system was re-activated in January 1999. Source sampling was initiated for the various water supplies believed to be used for domestic purposes. A summary of the violations by source, are listed in the attached spreadsheet.

Since that time DWB believes that bottled water has been provided for end users for consumption with the understanding Molycorp, Inc. would continue to pursue actions to bring on-line an alternative source water supply for the public water system that meets the various standards for contaminant levels. Recent information received from Molycorp, Inc. indicates that that Molycorp, Inc. has or will soon be in compliance with the maximum contaminant level exceedances for beryllium, nickel, cadmium, and fluoride.

The Drinking Water Bureau believed that by utilizing bottled water, there was and is not an unreasonable

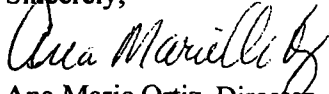
risk to public health at the Molycorp, Inc. facility. This determination should have been pursued through and regulated by a variance or exemption with implemented measures for developing treatment or an alternative water supply. Through our mandated violation reporting functions, NMED now finds it can't justify maximum contaminant level violations at Molycorp, Inc. without an approved variance or exemption issued by the State and approved by the Environmental Protection Agency.

To address the current non-compliance status at Molycorp, Inc., the DWB will require the following additional information and actions that need to be taken to determine return to compliance for Molycorp, Inc. with the NMED Drinking Water Regulation violations:

1. Identify all sources of water that are being used for, and all sources anticipated to be used for, the domestic sanitary supply of water with respective activation dates and sample point locations;
2. Identify all other sources of water that will be utilized for other purposes other than the domestic sanitary supply;
3. Provide a schematic drawing of all water sources identified in items 1 and 2 along with designations of end use for each source;
4. Provide copies of water quality analysis results taken by Molycorp, Inc. for the four inorganic contaminants in violation identified by each source;
5. Continue to provide bottled water and post PUBLIC NOTICES at locations in the facility that are not presently meeting the MCL for inorganic contaminant violations;
6. Provide a sampling plan for monthly total coliform monitoring and assist DWB staff with other SDWA compliance samples;
7. Organize a meeting with company representatives and DWB staff within 45 days after receipt of this letter. The purpose of this meeting will be to establish a return to compliance schedule acceptable by all parties. The contact person is Joe Chavez and he can be reached toll free at 1-877-654-8720 ext 1010 or the main number at (505) 827-7536.

If you have any questions, please give me a call at (505) 827-1400 ext 1005.

Sincerely,



Ana Marie Ortiz, Director  
Field Operations Division  
New Mexico Environment Department

cc: EPA Region 6, Dallas ✓

MOLYCORP WSS#: NM3593629

Well Name	Date Sampled	Contaminant Results			
		Beryllium (MCL: .004 mg/L)	Cadmium (MCL: .005 mg/L)	Fluoride (MCL: 4 mg/L)	Nickel (MCL: .1 mg/L)
Well ID 5	10-Dec-01		0.006		
Line #1 ID 3	23-Dec-96	0.007			
	10-Dec-01				
	27-Apr-98	0.007	0.021		0.51
	10-Dec-01	0.0123	0.0368	15.2	0.7787
	10-Jan-02			15.3	
	19-Mar-02	0.0121	0.0376	18.6	0.68029
	18-Jun-02	0.0148	0.0447	16.8	0.76529
	24-Mar-03	0.015	0.042	15.4	0.7
Line #2 ID 4	23-Dec-96	0.006			
	10-Dec-01	0.0088	0.0155	8.7	0.3116
	10-Jan-02			8.81	
	19-Mar-02	0.0132	0.0222	11.35	0.3404
	18-Jun-02	0.0185	0.0273	11.7	0.37121
	24-Mar-03	0.024	0.033	13.2	
Combine #1 ID 11	27-Aug-02	0.0093	0.0225	10.6	0.4187
Combine #2 ID 13	27-Aug-02	0.0125	0.0193	9.05	0.3043

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RESPONSIBLE PARTY

Chelo Hall

(Person bringing this material to the Records Center.)

TELEPHONE NUMBER

X 2716

**Molycorp, Inc.**  
Molybdenum Group  
P.O. Box 469  
Questa, NM 87556-0469  
Telephone (505) 586-0212  
Facsimile (505) 586-0811

**Molycorp**

**HAND DELIVERED**

November 8, 2004

Mr. Joe Chavez  
Drinking Water Bureau  
New Mexico Environment Department  
525 Camino de Los Marquez, Suite 1  
Santa Fe, NM 87505

**RE: Facility Drinking Water Status Molycorp, Inc**

Dear Mr. Chavez:

This letter is in response to the letter sent by the NMED Drinking Water Bureau dated October 1, 2004. Molycorp has diligently pursued a program of system modifications and verification to ensure the quality of the drinking water supplied to our employees. I have summarized our responses to the issues raised in your letter below, using the section numbering referenced in the letter:

1. The following are the current sources of drinking water including the supply sources, activation dates, and sample point locations:
  - a. Lab Well 1A – Supplies sections of the Mill side which include the Assay lab, Guard house, Mill dry (employee shower area), Mill warehouse, Mill maintenance shop, Mill gas shop and Mill instrument shop. The well was put into operation in early 2001. This well meets all primary drinking water maximum contamination levels. The sampling point for this well is at the well head.
  - b. Columbine Canyon Domestic Supply Well – Supplies drinking water to all areas of the Goathill side of Mine property which includes the Administration Building, Goathill Dry, M & E Shop, Goathill Warehouse, and Goathill Guard Gate. This well was put into operation in November 2003. This well meets all primary drinking water maximum contamination levels. The sampling point for this well is at the well head.
  - c. Cabin Well – Supplies the eleven Molycorp cabins. Currently only Molycorp employees and contractors occupy seven of the cabins. Occupancy ranges from full time to part time. The well was

completed during the fall of 1979 and subsequently put into operation. This well meets all primary drinking water maximum contamination levels. The sampling point is the well head.

- d. Taos Dam Dry Well (MW-CH) – Supplies the Tailings Dry area. This well was completed in June 1967 and subsequently put into operation. This well meets all primary drinking water maximum contamination levels. The sampling point for this well is at the well head.

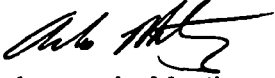
2. Molycorp has other sources of water for industrial uses only. These include the Columbine No.1 and No.2 production wells. If requested we can provide additional information regarding these two wells to the DWB. These wells are used to supply water for mineral beneficiation activities in the Questa crushing plant and Mill and not for drinking water.
3. Schematic drawings of all water sources including the Goathill area, Mill area, Cabin area and Tailings area with designated end uses are attached as **Exhibit 1**.
4. Attached as **Exhibit 2** are water quality analyses for the four inorganic contaminants identified in your October 1 letter.
5. Except as noted below, the potable water system currently meets all primary maximum contamination levels. However, certain areas of the Mill facility, which include restrooms located at the Mill Primary and Secondary Crushers, and Main Mill building, are currently supplied by a mixture of water from all sources, including Columbine #1 and Columbine #2 which do not meet primary MCLs for Beryllium, Cadmium, Nickel and Fluoride. Water quality analyses for Columbine #1 and #2 is attached as **Exhibit 3**. The water supply for the Mill areas listed above will be connected to Mill Yard 1 and Mill Yard 1A wells (wells which meet the primary MCLs), by June 30, 2005. Trenching and installation of new piping from these two wells will need to be performed. Following this action, Molycorp's entire system should meet all primary maximum contamination levels.
6. Total Coliform monitoring involves taking one sample from a different tap each month. Molycorp's modified sampling plan will involve sampling taps representative of each source on a monthly basis. A total of 5 samples per month will be taken. Molycorp will provide the DWB with other drinking water samples as requested.
7. A meeting has been scheduled with company representatives and the DWB staff for November 10, 2004 at 9:00 AM in accordance with the request contained in your letter of October 1.



Mr. Joe Chavez  
Facility Drinking Water Status MolyCorp, Inc  
November 8, 2004  
Page 3

Should you have any questions or concerns or require additional information,  
please contact me at (505) 586-7639.

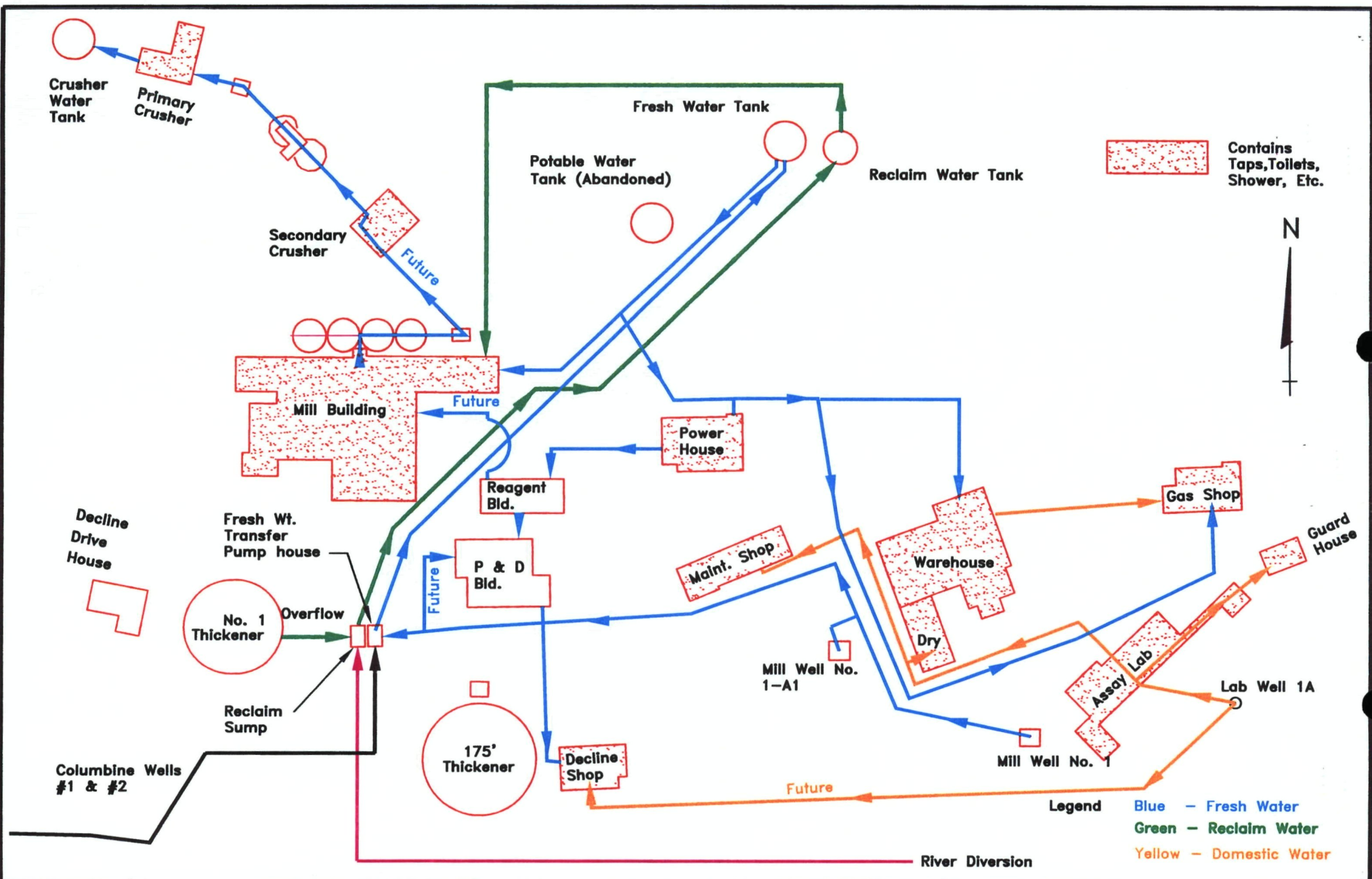
Sincerely,

A handwritten signature in black ink, appearing to read 'Armando Martinez', with a stylized flourish at the end.

Armando Martinez  
Environmental Compliance Specialist

cc: S. Honan, MolyCorp  
R. Torres, MolyCorp

## **EXHIBIT 1**

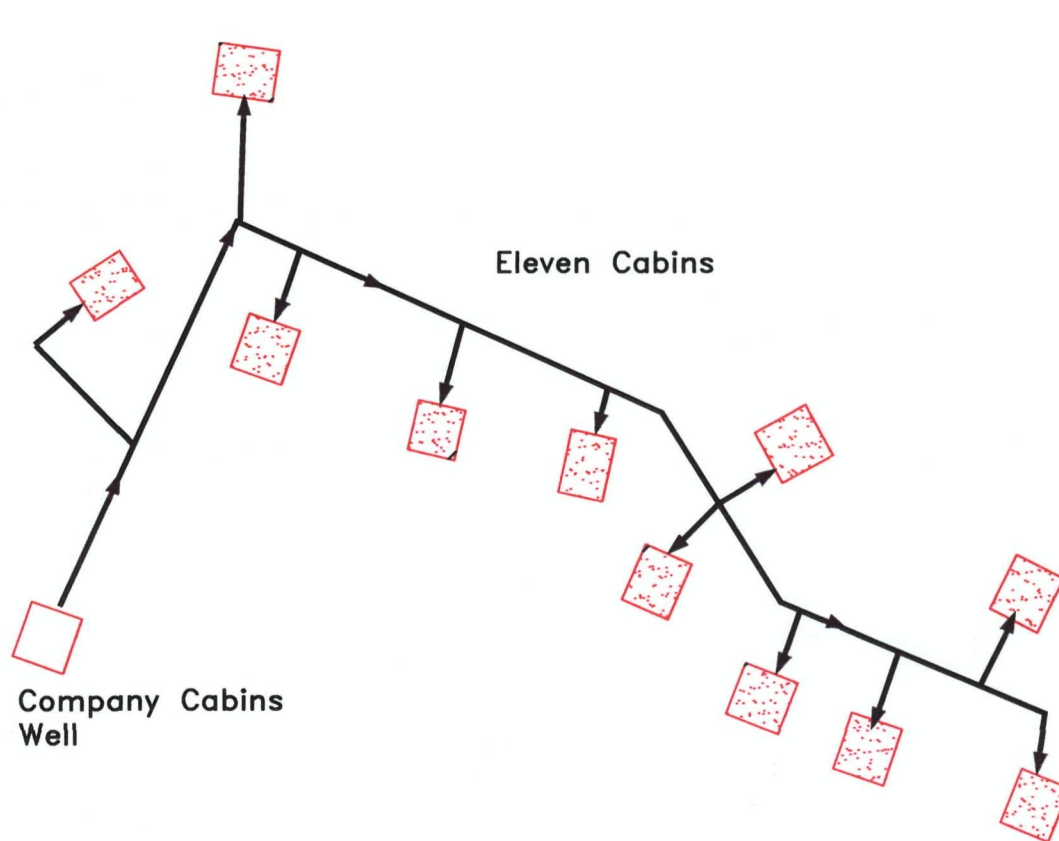


# Plant Water Supply Schematic Mill Site

DRAWN BY: P. LaCome  
SCALE: None  
DATE: 11/03/04

**MOLYCORP**  
QUESTA, NEW MEXICO

Dwg No.: Cad File: Eng./Paul/Mill Site Plan  
**104-106 SK**



# Company Cabins Water Supply Schematic

DRAWN BY: P. LaCome  
 SCALE None  
 DATE 11/03/04

**MOLYCORP**  
 QUESTA, NEW MEXICO

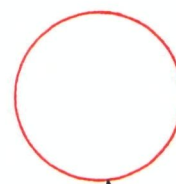
Dwg No.: Cad File: Eng./Paul/Mill Site Plan  
**104-108 SK**



 Contains  
Taps, Tollets,  
showers, Etc.

10,000 Gal.  
Water Tank

Tailings Dam  
Change House



Tailings Dam  
Change House Well

Tailings Dam Change House Water Supply Schematic

DRAWN BY: P. LaCome

SCALE None

DATE 11/03/04

**MOLYCORP**  
QUESTA, NEW MEXICO

Dwg No.: Cad File: Eng./Paul/Mill Site Plan

**104-109 SK**

## **EXHIBIT 2**



**EXHIBIT 2**  
**Molycorp, Inc Domestic Sanitary Supply by Source**  
**Primary MCL Water Quality Analysis**

				Columbine Canyon Domestic Supply	Cabin Well	Taos Dam Dry Well (MW-CH)	Mill Yard-1	Mill Yard-1A	Primary MCLs
Site Name			Lab Well 1A						
Sample Depth			Grab	Grab	Grab	Grab	Grab	Grab	
Sample Type			SA	SA	SA	SA	SA	SA	
Sample Date			4/16/2004	8/15/2003	4/16/2004	7/14/2004	10/12/2004	10/12/2004	
<b>Parameter</b>	<b>Fraction</b>	<b>Units</b>							
Antimony	T	UG/L	No Data	No Data	No Data	No Data	<0.3	<0.3	6
Arsenic	T	MG/L	<0.0004	<0.005	<0.0004	<0.005	0.0028	<0.005	0.01
Barium	T	MG/L	0.0484	0.041	0.0368	0.051	0.022	0.0073	2
Beryllium	T	MG/L	<0.0003	<0.004	<0.00038	<0.004	0.00064	0.0016	0.004
Cadmium	T	MG/L	<0.0003	<0.001	<0.00058	<0.001	0.00055	0.0015	0.005
Chromium	T	MG/L	<0.0006	<0.01	<0.0012	<0.01	<0.01	<0.01	0.1
Copper	T	MG/L	0.0564	<0.01	<0.0032	0.02	0.01	0.049	1.3
Fluoride	T	MG/L	0.29	0.53		<0.5	<0.5	1.1	4
Lead	T	MG/L	<0.0008	<0.003	0.0028	0.0037	0.0026	0.0034	0.015
Nickel	T	MG/L	<0.0015	<0.02	0.0043	<0.02	0.031	0.06	0.1
Nitrite as N	T	MG/L	0.46	No Data	No Data	No Data	<0.1	<0.1	1
Nitrate as N	T	MG/L	No Data	<0.2	0.38	No Data	0.21	<0.2	10
Nitrate + Nitrite as N	T	MG/L	No Data	No Data	No Data	0.34	No Data	No Data	10
Selenium	T	MG/L	<0.0014	<0.005	<0.0014	<0.005	<0.005	<0.005	0.05
Thallium	T	MG/L	No Data	No Data	No Data	No Data	<0.2	<0.2	2
Uranium	T	UG/L	No Data	No Data	No Data	No Data	0.28	0.24	30

## **EXHIBIT 3**



**EXHIBIT 3**  
**Molycorp, Inc Columbine #1 and #2**  
**Primary MCL Water Quality Analysis**

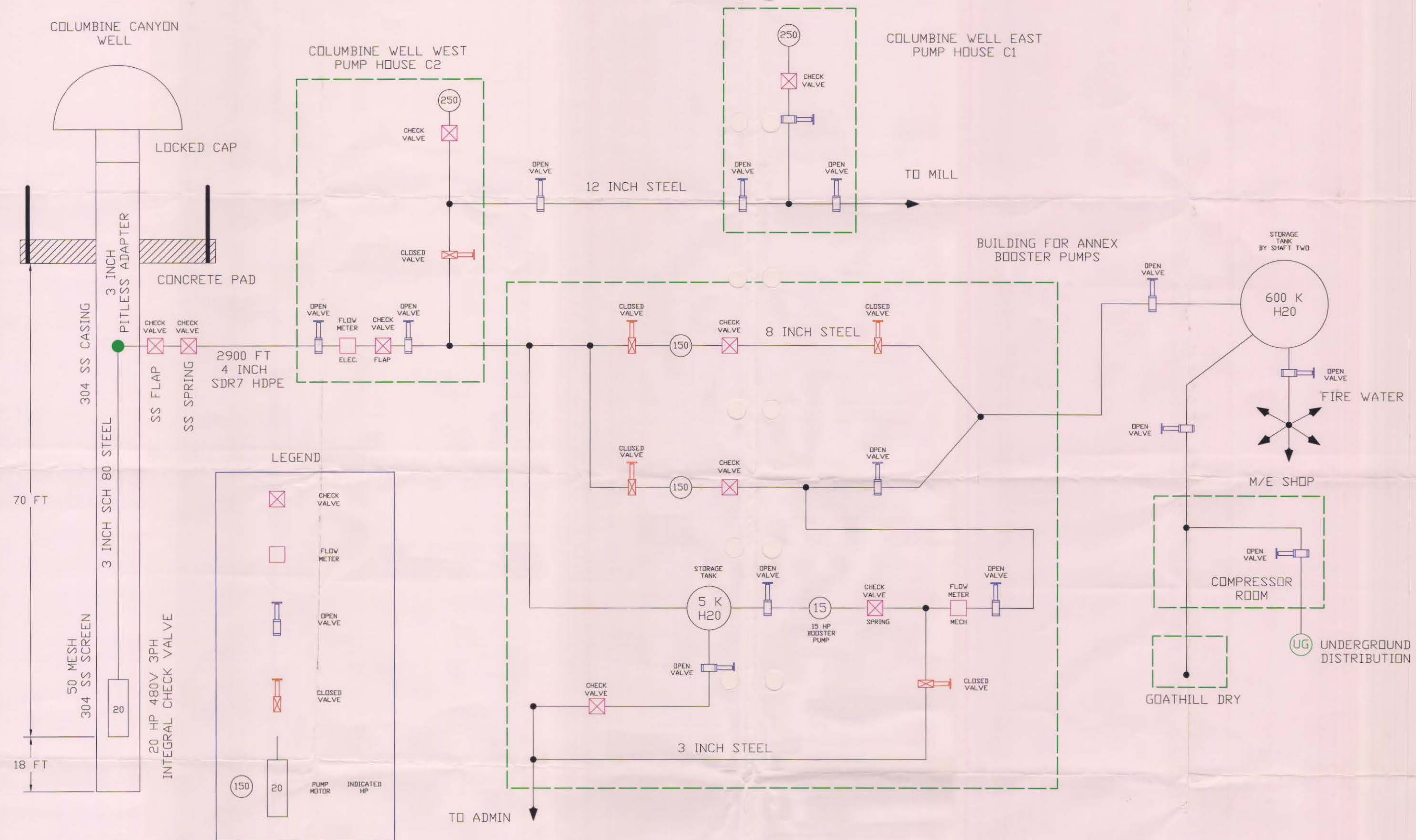
Site Name			<b>Columbine No.1</b>	<b>Columbine No.2</b>	<b>Primary MCLs</b>
Sample Depth			Grab	Grab	
Sample Type			SA	SA	
Sample Date			4/10/2004	4/10/2004	
<b>Parameter</b>	<b>Fraction</b>	<b>Units</b>			
Beryllium	T	MG/L	0.0242	0.034	0.004
Cadmium	T	MG/L	0.0477	0.0344	0.005
Fluoride	T	MG/L	21.5	16.4	4
Nickel	T	MG/L	0.974	0.499	0.1

**Molycorp**

**Molycorp, Inc.**  
67750 Bailey Rd., P.O. Box 124  
Mountain Pass, CA. 92366  
Telephone: (760) 856-7656  
Fax: (760) 856-2253  
Cellular (702) 604-0042  
Email: shonan@molycorp.com

**Scott G. Honan, M. Sc.**  
Supervisor, Environmental Compliance





<b>REFERENCES</b> Drawing: Title Drawing: Title Drawing: Title Drawing: Title		<b>REVISIONS</b> Revision # Date Description of Revision Revision # Date Description of Revision Revision # Date Description of Revision		<b>STATUS</b> <input type="checkbox"/> In Progress <input type="checkbox"/> Preliminary <input type="checkbox"/> Issued For Construction		<b>APPROVALS</b> Drawn By: Bill Birkley Checked By: _____ Reviewed By: _____ Approved By: _____ Date: 11/5/04		<b>Molycorp</b> Technical Services - Molybdenum Group Questa Mine and Mill 3.5 Miles or 7 Miles East of Questa, State Road 38 Questa, NM 87556 (505) 596-4211 (505) 596-7025 (FAX)		<b>COLUMBINE CANYON DOMESTIC WELL SUPPLY AND GOATHILL DISTRIBUTION SYSTEM</b>		Scale: _____ Drawing #: 00-00-000 Filename: _____ <small>Engineering/Design/Field Columbine Canyon Water Systems, Inc.</small>
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**INSERT  
COLOR / OVERSIZED  
IMAGE**